

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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LEGEND

C = Fellowship program
D = Selection Committee.
E = News Agency
F = Investigative Unit
G = University
H = Nations

b = Award

Dear :

We have considered your request for advance approval of your grant-making program under section 4945 (g)(3) of the Internal Revenue Code, dated April 16, 2010.

Our records indicate that you have been recognized as exempt from Federal income tax under section 501(c)(3) of the Code, and classified as a private foundation under Section 509(a) of the Code.

Your letter indicates that you will operate a grant-making program called C.

The purpose of your foundation is to improve human rights and to preserve and protect the environment by making grants in the areas of:

- Human slavery in Africa, Asia and elsewhere
- Forced and indentured labor in Africa, Asia and elsewhere and
- Environmental projects at home and abroad.

You have established the C fellowship program. The purpose of your fellowship program is to identify and train talented international journalists to enable them to conduct important investigations with an emphasis on human rights in regions that are newsworthy but not adequately covered by investigative journalists. The fellowship program offers foreign journalists a unique opportunity to broaden their journalism experience by working with a leading news agency.

The fellowship to be awarded to these journalists will have a term of six months. During the term of the fellowship, the recipient will receive coaching and guidance from experienced professional investigative journalists. In particular, the selected award Fellow will be trained at F, the investigative unit of E.

The fellowship will include a stipend, travel expenses and the costs for completion of any Visa application(s). The stipend and the total amount of the award will be set on a case-by-case basis considering the normal earnings of the Fellow in his/her home country, as long as that compensation is reasonable by standards normally employed by the Internal Revenue Service. The total amount of the award is not expected to exceed \$ - \$ per month during the four to six month term of the

fellowship. Accordingly, the fellowship stipend will likely average in the range of \$ -\$ for the entire term of each fellowship, exclusive of travel and visa application expenses.

At present, you anticipate that one fellowship will be awarded each year. You may award fellowships to additional recipients if you determine that the charitable and educational purpose is best served by making additional awards. However, it is unlikely that the awards would total more than three or four per year.

The Fellow shall be placed by **E** in **F**. **F** shall supervise and train the Fellow, and shall help the Fellow develop investigative stories concerning the Fellow's home region.

During the terms of the fellowship, the Fellow shall be subject to **E**'s policies and procedures. Violation of those policies will result in early termination of the fellowship, upon notification to you and **D**. At all times, **E** shall maintain complete editorial control over the Fellow's work and shall be solely responsible for the content of any work produced by the Fellow.

For each fellowship term, **E** and **F** will submit a proposal and budget covering the fellowship-related costs which you will reimburse. Significant deviations from the grant budget require prior approval from you.

You will solicit qualified candidates on your website and other relevant journalist websites, including but not limited to the Nation, GlobalPost, and the Columbia Journalism Review or in other publications or announcements likely to be seen by working investigative journalists. **D** will also identify candidates through its panel of several hundred advisors. The panel includes many prior **b** recipients as well as other reporters. Notice announcing the award also may be distributed by electronic mail.

Fellowship applications have been received from journalists working in several countries including **H**.

The potential candidates for the fellowship award are journalists currently employed by a news organization and with at least five years of experience working as reporters. Each candidate must receive the endorsement of his or her editor to take a leave of absence during the term of the fellowship. He or she should also have experience working on multiple news platforms or should have expressed a desire to do so.

You will collaborate with **D** and **E** in the selection of the award recipients. **D** has selected winners of **b**, which has been described as the "top" prize in journalism. **D** is made up of educators and communicators, including former **b** award winners, who are faculty members or alumni of **G**. **D**'s members are highly experienced in identifying investigative journalism work that demonstrates originality, enterprise, and resourcefulness, and that brings results. **F** will provide unsurpassed opportunity for the Fellows to both hone their craft and reach a national audience.

You and **D** together will review potential grantees' individual qualifications, interview qualified candidates and select two to three finalists. The primary criteria used in the selection include but are not limited to: personal and journalistic achievement, relevant experience, and an applicant's potential to make a significant contribution in the field of investigative journalism.

Before awarding the fellowship, you will conduct an inquiry concerning the potential grantee. The inquiry may include matters such as the identity, prior history, and experience of the grantee, and any information readily available concerning the activities or practices of the grantee. You will check fellowship candidates' names against the OFAC list, and take steps to reasonably assure that the grantee will comply with grant requirements and will not divert funds for terrorism or non-charitable uses.

Together with **D** and **E** you will then vote to confirm the selection of the finalists. Because **E** must

work closely with the Fellow, including placing the Fellow among its employees for training purposes, E may veto a candidate. The investigative unit at E will select the fellowship recipient from the finalists.

While both D and E play an important role in the selection process, you have not and will not relinquish control over the selection process (or any other aspect of the program) to either organization. You have sought to ensure that the same degree of rigor employed during selection of recipients of b will be applied to the selection of the journalist who will receive the C Fellowship. No fellowship recipients may be selected unless you have approved the applicant.

No member of D or E or your staff who has a family or similar relationship with an applicant may participate in the decision-making process concerning that applicant. No grant may be awarded to your founders, officers, board members or their families, or to any disqualified person with respect to C, or for a purpose that is inconsistent with the purpose set forth in section 170(c)(2)(B) of the Code. C does not discriminate on the basis of race, religion, creed, color, sex, age, physical, or mental disabilities, sexual orientation or national origin. All grants will be awarded on an objective and nondiscriminatory basis.

E will announce the Fellow selected at b's annual lunch.

D and E will each submit a final expenditure report within 90 days following the close of the fellowship term. The grantees are expected to submit a final report within 90 days following the completion of their fellowship term describing the progress of their particular projects and accounting for the grant funds. Any unused funds will be transferred back to your Foundation.

The grant agreements, reports and correspondence will all be in English. You have not made a determination as to whether the grant will be distributed by electronic fund transfer or by check or both. However, there will be no cash distributions to a grantee.

The Foundation will only make grants to enable the grantee to achieve a specific objective, produce a report, publication or other similar product, or improve or enhance a literary, teaching, or other similar capacity, skill or talent of the grantee, in accordance with section 4945(g)(3) of the Code.

If the grantee submits an unsatisfactory report or fails to submit a required report, or if you learn that all or any part of the grant funds awarded have been diverted from the intended purpose, you will withhold any further payments to the grantee. You will take all reasonable and appropriate steps to recover any grant funds not properly accounted for and/or to ensure restoration of the diverted funds to the intended purpose of the grant. Any grantee deemed to have diverted grant funds shall be eligible to receive further payments only if such grantee voluntarily returns the diverted funds to you, gives you his or her written assurances that future diversions shall not occur, and agrees to provide additional progress reports, on a bi-weekly, monthly or quarterly basis as determined appropriate, during the duration of the grant period.

You will comply with Treas. Reg. 53-4945-4(c)(6) to retain records pertaining to all grants – including:

- (i) All information you secure to evaluate the qualification of potential grantees;
- (ii) Identification of grantees (including any relationship of any grantee to you sufficient to make such grantee a disqualified person of your Foundation;
- (iii) Specification of the amount and purpose of each grant; and
- (iv) The follow-up information the Foundation obtains in administering the grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi

Director, Exempt Organizations
Rulings and Agreements